

KLESTADT WINTERS JURELLER
SOUTHARD & STEVENS, LLP
200 West 41st Street, 17th Floor
New York, NY 10036
Tel: (212) 972-3000
Sean C. Southard
Lauren C. Kiss

Attorneys for Southwest Sign Group, Inc., d/b/a Apex Sign Group

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X	
In re	:
	:
SEARS HOLDINGS CORPORATION, <i>et al.</i> ,	:
	:
	:
Debtors.	:
-----X	

Chapter 11
Case No. 18-23538 (RDD)
(Jointly Administered)

**LIMITED OBJECTION OF SOUTHWEST SIGN GROUP, INC., D/B/A APEX
SIGN GROUP TO DEBTORS' NOTICE OF CURE COSTS AND POTENTIAL
ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS AND
UNEXPIRED LEASES IN CONNECTION WITH GLOBAL SALE TRANSACTION**

Southwest Sign Group, Inc., d/b/a Apex Sign Group ("SSG"), by and through its undersigned counsel, hereby files this limited objection (the "Objection") to the *Notice of Cure Costs and Potential Assumption and Assignment of Executory Contracts and Unexpired Leases in connection with Global Sale Transaction* (ECF No. 1731) (the "Assumption Notice"), filed by the above-captioned Debtors (collectively, the "Debtors").¹ In support thereof, SSG respectfully states as follows:

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626);

STATEMENT OF OBJECTION

1. On November 19, 2018, the Court entered the *Order Approving Global Bidding Procedures and Granting Related Relief* (ECF No. 816), which contemplates a process for the assumption of executory contracts and unexpired leases.

2. On January 18, 2019, the Debtors filed a Notice of Successful Bidder and Sale Hearing (ECF No. 1730), stating that Transform Holdco, LLC, established by ESL Investments, LLC (the “Purchaser”), was the successful bidder for the Global Assets (as defined therein).

3. On January 18, 2019, the Debtors filed the Assumption Notice, which lists a number of purported executory contracts and leases that the Debtors claim are subject to possible assumption and assignment to the Purchaser in connection with the sale.

4. SSG is party to that certain Master Exterior Signage Services Agreement dated March 9, 2017 with Sears Holdings Management Corporation (the “Agreement”).

5. The Assumption Notice purports to identify at least one executory contract at lines 747 through 749 on Exhibit A at page 39 of the document. Other than a minor error in “Counterparty Name”, line 747 would seem to properly reference the Agreement of SSG and associated “Cure Amount” of \$841,415. The two later line items (lines 748 and 749) do not identify a “Contract Title” and show no “Cure Amount”.

SRC Sparrow 1 LLC (None); SYW Relay LLC (1870); Wally Labs LLC (None); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); SRC Sparrow 2 LLC (None); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); SRC O.P. LLC (None); Kmart.com LLC (9022); Sears Brands Management Corporation (5365); SRC Facilities LLC (None); and SRC Real Estate (TX), LLC (None). The location of the Debtors’ corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

6. Despite the three separate line items, SSG believes that the Debtors are likely attempting to reference only the single Agreement. Presumably, the extra line items seek to ensure proper notice given an apparent discrepancy in counterparty name.

7. However, given the lack of clarity existing in the form of Assumption Notice and limited time to communicate concerning this subject, SSG files the instant objection to avoid any doubt and state its position.

8. SSG believes that the proper cure amount is stated for the Agreement in the amount of \$841,415.

9. However, if the Debtors do intend by the Assumption Notice to reference multiple agreements with SSG or otherwise argue for a cure amount of less than \$814,415 (stated in line 747), then SSG hereby objects.

10. For the avoidance of doubt, the foregoing amount may be subject to further adjustment and reconciliation. Moreover, other non-monetary defaults may exist under the Agreement and all rights are reserved in this regard. SSG therefore reserves the right to amend this Objection.

WHEREFORE, SSG objects to any attempt by the Debtors to assume and assign the Agreement without paying the amount of \$841,415, together with such other and further relief as the Court deems just and proper.

Dated: New York, New York
January 25, 2019

**KLESTADT WINTERS JURELLER
SOUTHARD & STEVENS, LLP**

By: /s/ Sean C. Southard
Sean C. Southard
Lauren C. Kiss
200 West 41st St., 17th Floor
New York, New York 10036
Tel: (212) 972-3000
Email: ssouthard@klestadt.com
lkiss@klestadt.com